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AUG 10 1955

MEMORANDUM FOR: Mr. Lloyd

SUBJECT : Compensation for Consultants to CIA

1. Attached is the General Counsel reading which Colonel White requested concerning compensation for consultants in excess of \$50 per day of service.

2. The government in general is restricted to the \$50 per day rate in accordance with the Classification Act and Administrative Expenses Act of 1946. AEC is not restricted by the Classification Act, hence they can pay higher rates. However, AEC, and other agencies can exceed the \$50 rate if authorized in an appropriation or other Act. AEC, which has in its Appropriations Act of 1956 provision for paying in excess of \$50, wears both belt and suspenders for they can pay higher rates by virtue of exemption from the Classification Act as well as under a specific provision in the 1956 appropriation.

3. Defense could pay in excess of the \$50 rate if so provided in an appropriation but they have not done this for 1956. Furthermore the National Security Act of 1947 limits consultant pay to the \$50 rate, hence there is reason to stay within this limitation. General Counsel notes exception to this policy re special legislation involving the MSA and the St. Lawrence Seaway. Apparently no advantage has been taken of these exceptions.

4. Our position vis a vis the National Security Act of 1947 prescribes the \$50 limit unless another Act or an appropriation provides otherwise. The CIA Act of 1949 provides "otherwise" and is clear authority per General Counsel to pay in excess of the \$50 rate if the DCI wishes.

5. General Counsel suggests it might be wise to stick with the \$50 rate for to do otherwise would entail application of a special Act (CIA Act of 1947) to override another (NS Act of 1947) thereby placing us in a more advantageous position than our parent NSC whose current appropriation sets forth a specific \$50 per day limitation for consultants.

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6. I would suggest that the substance of this memo and the OGC opinion be given the DCI orally if interested when approached. Colonel White told me upon requesting this information that the Director had sprung the question on him at a Deputies' meeting, I believe. Colonel White told me to give this memo of OGC to you.

7. To the best of my knowledge, we have not suffered from the \$50 limitation in procuring consultants. It might be justifiable, however, for us to watch AEC in obtaining what I assume are nuclear energy specialists at AEC's going rate. This would require some negotiation with AEC to determine actual practice.



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